



The Effect of Earnings Per Share and Return on Equity on Share prices: The Moderating Role of Dividen Policy in Property and Real Estate Companies Listed on the Indonesia Stock Exchange (IDX)

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Article Info

Article history:

Received 9 March 2026

Received in revised form 23

April 2026

Accepted 15 May 2026

Keywords:

Earning per Share

Return on Equity

Dividend Policy

Share Price

JEL Classification:

G11, G12, G32, G35, L85

Abstract

This study aims to analyze the effect of Earning Per Share (EPS) and Return on Equity (ROE) on share prices with dividend policy as a moderating variable in property and real estate companies listed on the Indonesia Stock Exchange for the period 2020-2024. This study uses a quantitative approach with panel data regression methods. The research population consists of 91 companies. The research sample was obtained through purposive sampling, resulting in 19 companies that satisfied the research criteria. Data analysis was performed using Eviews 13 software through testing the best model selection with Chow test and Hausman test resulting in the Fixed Effect Model (FEM) as the best model. The results of the research show that Earning Per Share (EPS) has a positive and significant effect on share prices, while Return on Equity (ROE) does not have a significant effect on share prices. In addition, dividend policy is unable to moderate the effect of EPS and ROE on share prices. These findings indicate that EPS is one of the main determinants in determining share prices, while ROE and dividend policy are not yet significant factors in affecting share prices in the property and real estate sector on the Indonesia Stock Exchange for the period 2020-2024.

Introduction

The stock market plays an important role in a country's economy because it is a means for companies to obtain funding from investors through the issuance of shares (El Wassal, 2013; Ho & Njindan Iyke, 2017). Through the capital market, companies raise funds to support their operational activities and business development. On the other hand, investors use the capital market as a means to invest capital from which they can obtain profits in the future.

In Indonesia, stock trading activities are facilitated by the Indonesia Stock Exchange (IDX) as an institution that brings together parties in need of funds with parties that have excess funds (Zikria et al., 2026; Dewi et al., 2026; Yuliadi et al., 2024). Through this mechanism, transactions occur between companies offering shares and investors investing in form of share ownership. Therefore, the capital market acts as a platform that connects sellers and buyers in carrying out investment activities.

One important indicator that investors consider before making investment decisions is the share price. The share price reflects the market's assessment of a company's performance and future prospects (Olayinka et al., 2023; Sonkavde et al., 2023; Wang et al., 2024). The better a company's performance, the greater the likelihood of increased investor interest in buying the company's shares, which will ultimately drive up the share price.

However, capital markets often face information asymmetry, a condition where company management has more complete information (Meza et al., 2020) than the investors. In such conditions, investors require information published by companies through financial reports. Therefore, companies need to provide signals through financial information to investors to reduce information uncertainty and increase market confidence. In this context, the study uses Signaling Theory as its grand theory (Teresa& Diana, 2026; Treepongkaruna et al., 2026). This theory explains that companies can send signals to investors through financial information published to the market. According to Spence (1973), signals are needed to reduce information asymmetry between companies and investors. Furthermore, Ross (1977) explains that corporate financial decisions can signal the market about the quality and prospects of the company.

Some financial indicators the investors often use to assess a company's performance are Earning Per Share (EPS) and Return on Equity (ROE). These two ratios are profitability indicators reflecting a company's ability to generate profits. EPS shows the amount of profit earned for each share outstanding, while ROE describes the company's efficiency in using its own capital to generate profits. However, the relationship between EPS and ROE and share prices does not always show consistent results in previous studies.

Fransisco F.G. Ginsu, et al. (2017) found that EPS and ROE have a positive and insignificant effect on share prices in the Food and Beverage industry, so both are often used as a basis for investment decisions. However, other studies show that EPS and ROE do not have a significant effect on share prices (Sari, R.M., et al (2022) and (Elizabeth, 2023). These differing findings indicate that there are other factors that may affect the relationship between these variables. In this study, dividend policy is used as a moderating variable that is assumed to strengthen or weaken the effect of EPS and ROE on share prices. Dividend policy was chosen because dividends can send signal to investors about the financial condition and future prospects of a company.

Therefore, the Bird in the Hand theory by Gordon (1963) is also used as a supporting theory. This theory states that investors prefer dividends received in the present over potential capital gains in the uncertain future. The basic assumption of this theory is that investors are risk averse and cash dividends are considered more certain than future profits (Boumlik et al., 2023). Hence, companies distributing dividends steadily tend to receive a positive response from investors as reflected in an increase in share prices. Ardika, I. K. (2024) found that dividend policy moderates the effect of Earning per Share (EPS) and Return on Equity (ROE) on share prices. (Hermanto, 2020) argues that dividend policy can be a factor that weakens or even strengthens the relationship between Earnings per Share (EPS) and Return on Equity (ROE) on share prices, depending on market conditions and company characteristics.

Based on the above description, this study aims to analyze the effect of Earning Per Share (EPS) and Return on Equity (ROE) on share prices with dividend policy as a moderating variable in property and real estate companies listed on the Indonesia Stock Exchange for the period 2020–2024.

Literature Review

Signaling Theory

Signaling theory is the grand theory in this study. This theory reveals that in conditions of information asymmetry, company management can send signals to other parties (investors) through observable decisions to reduce the uncertainty of such information (Spence, M., 1973). In the context of capital markets, signaling theory explains that company financial information

such as Earnings Per Share (EPS), Return On Equity (ROE), and Dividend Policy are forms of signals sent by management to investors to indicate the company's future prospects and performance (Ross, 1977). Signals in the form of EPS, ROE, and dividends reduce information asymmetry so that investors can conduct research before deciding to buy a company's shares. Brigham & Houston (2021) argue that signaling theory is an action taken by company management to provide signals to investors regarding the company's future prospects.

Bird in the Hand Theory

The Bird in the Hand Theory by Gordon (1963) is used as a supporting theory. This theory is related to dividend policy stating that dividends received today are more valuable and preferred by investors than the uncertain future capital gains (Gordon, 1963). Regarding the implications of the Bird in the Hand theory on share prices, according to this theory, the higher the dividend payout ratio, the higher the company's share price, so investors will give a higher valuation to companies that regularly pay dividends. Mega Octaviani & Puspitasari (2023) found that dividend policy has a positive effect on company prices.

Earning Per Share (EPS)

Earnings Per Share (EPS) depicts the profit the investors may earn from each share they own. It is included in the market ratio as an important indicator for assessing a company's ability to generate earnings per share (EPS). High earnings per share (EPS) tend to increase demand for shares because they are considered to reflect company's performance (Jogiyanto, 2017). Theoretically, EPS plays an important role in assessing a company's performance in generating profits for investors, namely as an indicator of company profitability, a basis for share price assessment, a signal of information to investors, a basis for investment decisions, a determinant of dividend policy, and a measure of managerial performance (Weston and Copeland (2012). Thus, EPS plays an important role in shaping investor perceptions of a company's value and prospects in the capital market. It is calculated using the following formula (Hermanto, 2020):

$$\text{EPS} = \text{Net Income} / \text{Number of Shares Outstanding}$$

This calculation provides investors with clear information about how much profit can be generated from each share they own. In signaling theory, EPS is seen as one of the positive signals sent by management to the market in the context of information asymmetry (Spence, 1973). In this case, when a company reports high EPS, it means that the company has good profit prospects in the future, management is able to manage resources efficiently, and the potential dividends the investors receive will increase. As a result, the market reacts positively, and share prices tend to rise because investors interpret the increase in EPS as a signal of the company's successful performance. In this study, EPS is examined as an independent variable to explain its effect on the share prices of the property and real estate sub-sector on the Indonesia Stock Exchange.

Return on Equity (ROE)

Return on equity (ROE) is a profitability ratio used to measure a company's ability to generate net income (after tax) using the equity capital owned by investors (Gitman & Zutter (2015). This ratio reflects the company's efficiency in managing its own capital to generate income (Kasmir, 2016). In other words, ROE shows the percentage of profit a company earns from each unit of equity capital invested (Sari, 2022). This ratio measures how effectively a company's resources are used to generate profits and assesses the rate of return the investors receive on their investment in the company (Brigham & Houton, 2021). The formula used is:

$$\text{ROE} = \text{Net Profit After Tax} / \text{Total Equity}$$

Return on equity (ROE) is used as an independent variable to analyze the extent to which property and real estate companies listed on the Indonesia Stock Exchange are able to utilize their equity capital to generate net income, which in turn can increase the share price of companies in the capital market. This is important for understanding the effectiveness of a company's capital management, which ultimately affects investors' decisions to invest in the form of purchasing shares. The above formula provides results in the form of a percentage that reflects how much net profit is generated from each unit of equity capital. The higher the ROE value, the better the company's efficiency in utilizing its capital to generate profits, thus providing a positive signal for investors, which is the basis for consideration before making investment decisions.

Dividend Policy

Dividend policy is a strategic decision made by a company in determining the amount of net profit distributed to investors in the form of dividends. According to Brigham & Houston (2021), dividend policy is one of the important decisions in financial management because it is directly related to the balance between internal funding needs and investor interests. As a moderating variable, dividend policy can strengthen or weaken the effect of Earnings Per Share (EPS) and Return on Equity (ROE) on share prices.

Company decisions in determining dividend policy are affected by several factors, including company liquidity, investment needs, capital structure, growth rate, and shareholder preferences. Companies with stable cash flows tend to be better able to distribute high dividends, while companies aggressively expanding tend to retain profits to finance growth (Kurniawanto et al., 2025). Research by Setia Pratiwi et al. (2023) and Puspitaningtyas, Z. (2019) found that dividend policy can strengthen the effect of profitability on company value, as reflected in the increase in share prices of high-dividend companies listed on the Indonesia Stock Exchange. This shows that dividends serve as a positive signal to investors regarding a company's financial performance. However, the moderating effect of dividend policy is contextual, depending on the industry sector and company conditions (Prameswari, 2024), so dividends play an important role as a factor to be considered in assessing company performance (Vialela, et al., 2025).

Share Price

Share price is the market value of a company's shares listed on the Indonesia Stock Exchange, which reflects investors' assessment of the company's performance, prospects, and financial condition. In this study, share price is a dependent variable whose relationship with EPS and ROE can be strengthened or weakened by dividend policy. According to Darmadji & Fakhruddin (2021), share price indicators are the closing price, highest price, and lowest price.

Conceptual Framework

This study examines the relationship between several variables, namely Earning Per Share (EPS), Return On Equity (ROE), Dividend Policy, and Share price, which can be used as a reference for investors in making stock purchase decisions. In this case, EPS and ROE are independent variables and share price is a dependent variable. Meanwhile, Dividend Policy is a moderating variable in explaining the effect of independent variables on the dependent variable. The moderating role of the Dividend Policy variable is intended to analyze whether the moderating role can strengthen or weaken the effect of the EPS and ROE variables on share price. For this purpose, signaling theory is used as the grand theory in this study. In this case, companies use financial information such as Earnings per Share (EPS), Return on Equity (ROE), and Dividends to signal the company's performance and prospects to investors (Spence,

1973). Investors will respond to these signals by adjusting their perceptions of the company's value, which is reflected in changes in share prices in the capital market.

Based on the above explanation regarding the relationship between variables and the moderating role of dividend policy in explaining the effect of EPS and ROE on share prices on the Indonesia Stock Exchange (IDX), particularly for property and real estate companies, the research model is presented as follows.

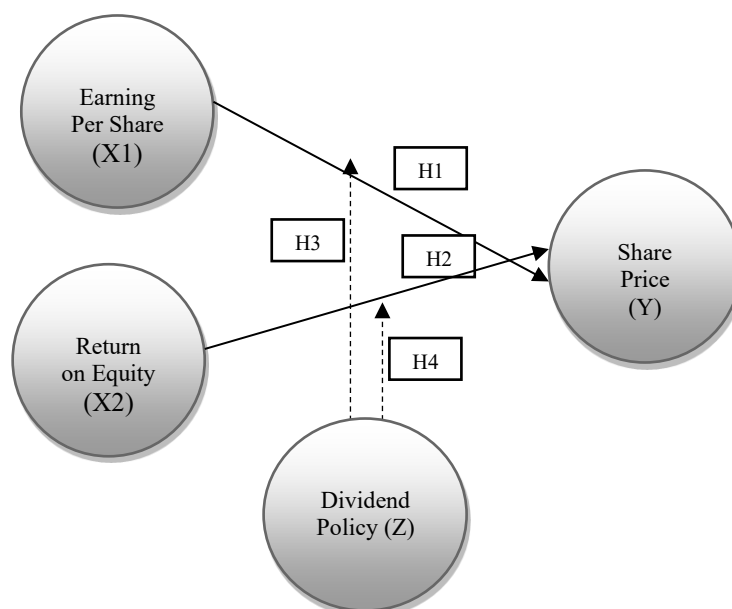


Figure 1. Research Model

Hypothesis

Based on the conceptual framework established earlier, the hypothesis to be tested in this study is as follows:

The effect of EPS on share prices

Earning Per Share (EPS) indicates a company's ability to generate profits for each share outstanding. The higher the EPS value, the greater the profits earned by shareholders, which can increase investor interest in the company's shares. Increased demand for shares will drive up share prices in the capital market.

H1: Earning Per Share (EPS) has a positive effect on share prices.

The effect of ROE on share prices

Return on Equity (ROE) indicates a company's ability to generate profits based on its capital. A high ROE value reflects a company's good performance in managing the shareholder capital, which can increase investor confidence and lead to an increase in share prices.

H2: Return on Equity (ROE) has a positive effect on share prices.

The Role of Dividend Policy in Moderating the Effect of EPS on Share prices

Dividend policy reflects a company's decision to distribute profits to shareholders. Based on the Bird in the Hand Theory proposed by Myron J. Gordon, investors prefer certain dividends

over potential future profits. Therefore, companies with high EPS and good dividend policies will send positive signals to investors, thereby strengthening the effect of EPS on share prices.

H3: Dividend policy moderates the effect of Earning Per Share on share prices.

The Role of Dividend Policy in Moderating the Effect of ROE on Share prices

High ROE indicates a company's ability to generate profits from its capital. If a company also has a good dividend policy, investors will have greater confidence in the company's performance, thereby strengthening the effect of ROE on share prices.

H4: Dividend policy moderates the effect of Return on Equity on share prices.

Methods

This research is an associative quantitative study with moderation using an explanatory design with an ex post facto approach, which uses existing secondary data, such as financial reports. The focus of the study is the effect of EPS and ROE as independent variables (variable X) on share prices as dependent variables (variable Y) with dividend policy as a moderating variable (variable Z) in companies in the Property and Real Estate sector listed on the Indonesia Stock Exchange (IDX) from 2020 to 2024.

The research population consists of all business entities in the Property and Real Estate sector listed on the Indonesia Stock Exchange (IDX), totaling 91 companies. The number of companies observed is 21 companies that meet the sample selection criteria and 5 financial reports, namely from 2020 to 2024. Thus, the number of research sample data is $21 \times 5 = 105$ financial reports. The type of research data is panel data, which is a combination of cross-sectional and time series data. The data source is the companies' annual financial reports published on the IDX official website (www.idx.co.id). Share price data is obtained from Yahoo Finance, RTI Business, or IDX websites, namely the year-end closing price at the end of the research period, while dividend policy data is obtained from the companies' cash dividend distribution reports used to calculate the Dividend Payout Ratio (DPR).

Data analysis was performed using panel data regression with the assistance of EViews 13 software. The classical assumption tests conducted were normality tests, multicollinearity tests, and heteroscedasticity tests. The data analysis model used was Panel Data Regression Analysis with the following formula:

$$Y_{it} = \beta_0 + \beta_1 EPS_{it} + \beta_2 ROE_{it} + \beta_3 DPR_{it} + \beta_4 (EPS_{it} \times DPR_{it}) + \beta_5 (ROE_{it} \times DPR_{it}) + \epsilon_{it}$$

Model selection testing was conducted using three panel approaches, namely: Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). The best model selection was conducted through Chow's test (CEM vs FEM), Hausman's test (FEM vs REM), and Lagrange Multiplier (LM) test (CEM vs REM). The selected model is used as the basis for hypothesis testing and moderation interpretation. Moderated Regression Analysis (MRA) is used to analyze the role of variable Z in moderating the effect of variable X on variable Y. For hypothesis testing, t-tests and the Coefficient of Determination (R^2) are used to determine the amount of share price variation that can be explained by EPS and ROE.

Result and Discussion

Research data description

The object of this study is Property and Real Estate companies listed on the Indonesia Stock Exchange (IDX) during the period 2020-2024. This sector is one of the sectors that is sensitive to macroeconomic conditions, such as interest rates, inflation, economic growth, bank credit

policies (mortgages), and people's purchasing power. Therefore, during the pandemic period of 2020-2021 and the economic recovery period of 2022-2024, out of the initial 21 sample companies, 2 companies did not have complete share price data and were therefore excluded from the analysis. Seven companies had complete data covering EPS, ROE, share price, and dividends. Of these 7 companies, 1 company did not distribute dividends in 2020 and 2021. However, 14 of the 21 companies generally had a dividend of 0 (did not distribute dividends in several years of observation). Therefore, the number of companies observed in this study was 19 companies. Regarding the description of the research data processed using EViews 13 software, the analysis results are shown in the following table.

Table 1. Output EViews of descriptive statistic test

	Y	X1	X2	Z
Mean	1197.147	56.31611	3.729263	101.1211
Median	318.0000	23.91000	6.100000	0.000000
Maximum	14000.00	355.0000	24.38000	1400.000
Minimum	50.00000	-78.40000	-120.0000	0.000000
Std. Dev.	2660.774	81.69852	15.89512	302.5509
Skewness	3.648802	1.550489	-5.467711	3.097438
Kurtosis	15.66536	5.130643	41.00302	11.36446
Jarque-Bera	845.7632	56.03301	6190.094	428.8486
Probability	0.000000	0.000000	0.000000	0.000000
Sum	113729.0	5350.030	354.2800	9606.500
Sum Sq. Dev.	6.65E+08	627416.9	23749.56	8604483.
Observations	95	95	95	95

The table above shows that the average share price is 1197.147, with a maximum value of 14000.00 and a minimum value of 50.00000, with a standard deviation of 2660.774. This indicates that there is variation in share prices between companies and between observation periods, and that share prices fluctuated significantly during the research period. In addition, the average EPS value of 56.31611 with a standard deviation of 81.69852 indicates that the standard deviation is greater than the mean, so that EPS variability is very high. This indicates that there are significant differences in earnings per share performance between companies and between research periods.

Selection of Panel Data Models

The selection of panel data models was conducted on three main models, namely the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). To determine the best model, three tests were conducted, namely the Chow test, Hausman test, and Lagrange Multiplier (LM) test. The criteria for selecting the best panel data model are as follows.

Table 2. Model selection criteria

Pengujian	Hasil	Kesimpulan
Uji Chow	Prob > 0,05	CEM

	Prob < 0,05	FEM
Uji Hausman	Prob > 0,05	REM
	Prob < 0,05	FEM
Uji Lagrange Multiplier	Prob > 0,05	CEM
	Prob < 0,05	REM

The explanation related to the table above is that if the Chow Test and Hausman Test show the same best model, for example FEM, then model selection testing does not need to be continued in the Lagrange Multiplier (LM) Test. Furthermore, a recapitulation of the model selection test results using EViews 13 software is shown in the following table;

Table 3. Model selection test results

Uji Model	Prob	Keputusan
Chow Test	0.000	Fixed Effect
Hausman Test	0.0059	Fixed Effect
LM Test	0.000	Random Effect

After conducting a test to select the best model, the EViews 13 output showed that the Fixed Effect Model (FEM) was the best model, so there was no need to proceed with the Lagrange Multiplier (LM) test. Thus, the Fixed Effect Model (FEM) was used in conducting the moderation regression analysis (MRA test).

Classical Assumption Test

Normality Test

The normality test was conducted using the Jarque-Bera method in EViews 13 software. The basis for the decision was that if the probability value (p-value) was greater than 0.05, the data was considered to be normally distributed. Conversely, if the probability value (p-value) is less than 0.05, the data is said to be non-normally distributed. The results of the EViews 13 analysis are shown in the following table.

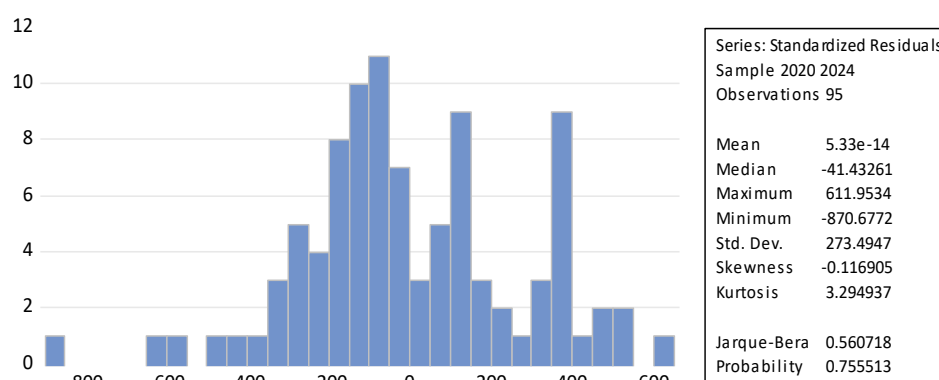


Figure 2. EViews output of normality test results

The normality test results above show that the Jarque-Bera value is 0.560718 with a probability of 0.755513. This probability value is greater than 0.05 ($0.755513 > 0.05$). Thus, the residual data in this study is normally distributed. Thus, the regression model has met the normality assumption and is suitable for further hypothesis testing.

Multicollinearity Test

The multicollinearity test was conducted by looking at the correlation matrix between independent variables. If the correlation value is <0.90 , then there is no multicollinearity. The output of the multicollinearity test using EViews 13 can be seen in the following table.

Table 4. EViews output of multicollinearity test

Variabel	X1	X2	Z	X1Z	X2Z
X1	1.000000	0.402097	0.368116	0.455349	0.299866
X2	0.402097	1.000000	0.179378	0.107805	0.208496
Z	0.368116	0.179378	1.000000	0.891420	0.971980
X1Z	0.455349	0.107805	0.891420	1.000000	0.782613
X2Z	0.299866	0.208496	0.971980	0.782613	1.000000

The correlation value between X1 and X2 is $0.40 < 0.80$, the correlation between X1 and Z is $0.37 < 0.80$, and the correlation between X2 and Z is $0.18 < 0.80$. Thus, the independent variables are free from multicollinearity. The correlation value between the interaction variable and its constituent variables is relatively high (>0.90): X2Z with Z (0.971980). However, this is a mathematical consequence of the formation of interaction variables in the moderation model and does not indicate the presence of multicollinearity that damages the model.

Heteroscedasticity Test

The heteroscedasticity test was conducted using the Glejser method. The testing criterion is that if the probability value of each independent variable is greater than 0.05, then the model does not experience heteroscedasticity. The results of the heteroscedasticity test with EViews 13 are shown in the following table.

Table 5. EViews output of heteroscedasticity test

Variabel	Coefficient	Std.Error	t-Statistic	Prob
C	180.4227	58.57932	3.079973	0.0029
X1	-0.302663	0.759369	-0.398572	0.6914
X2	-1.486849	1.823463	-0.815399	0.4175
Z	-0.063828	0.397254	-0.160673	0.8728

At a significance level of 5% ($\alpha = 0.05$), variables X1, X2, and Z have probability values greater than 0.05. This indicates that the three independent variables do not have a significant effect on the absolute residual value. Thus, the regression model in this study does not experience heteroscedasticity problems.

Panel Data Regression Analysis with Moderating Variables

This study uses panel data regression analysis because the data used is a combination of time series data (2020-2024 period) and cross-sectional data (19 companies). Before determining the regression model to be used, a model selection test was first conducted, which included the Chow Test, Hausman Test, and Lagrange Multiplier Test (LM Test). The results of the model selection test shown in Table 4.5 prove that the best model is the Fixed Effect Model (FEM). Next, a test was conducted on the partial effect of EPS and ROE on Share price, as well as the moderating role of the Dividend Policy variable in strengthening or weakening the effect of EPS and ROE on Share price. To test the moderating effect, an interaction approach was used, namely the multiplication of the independent variable with the moderating variable. In general, the panel data regression model with moderating variables is formulated as follows:

$$Y_{it} = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 Z_{it} + \beta_4 (X_1 * Z)_{it} + \beta_5 (X_2 * Z)_{it} + \varepsilon_{it}$$

The regression estimation results are presented in the form of an EViews output table and explained narratively based on the coefficient values, significance, and direction of effect of each variable.

Model 1

Model 1 tests the partial direct effect of independent variables (EPS and ROE) on the dependent variable (share price) without including moderating variables. The estimation was performed using a Fixed Effect Model (FEM) based on the model selection test results. The equation used is:

$$Y_{it} = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \varepsilon_{it}$$

Based on the results of the panel data regression estimation of Model 1 processed using EViews 13, the results are as shown in the following table.

Table 6. Results of the test of the effect of EPS and ROE on Share price

Variabel	Coefisien	Std. Error	t-Statistik	Probabilitas
C	637.0347	80.48080	7.915363	0.0000
X1	10.21317	1.323251	7.718241	0.0000
X2	-4.036494	3.185736	-1.267053	0.2091

The table above shows that variable X1 has a t-statistic value of 7.718241 with a probability value of 0.0000 (<0.05). A probability value smaller than the significance level of 0.05 indicates that Variable X1 has a significant effect on Variable Y. Furthermore, Variable X2 has a t-statistic value of -1.267053 with a probability value of 0.2091 (>0.05). Because the probability value is greater than 0.05, Variable X2 does not have a significant effect on Variable Y.

Based on the results of Model 1 analysis, the preliminary conclusions that can be drawn are as follows:

1. EPS has a positive and significant effect on Share price
2. ROE does not have a significant effect on Share price

The results of the regression equation for moderation model 1 are as follows:

$$Y = 637.03467 + 10.21317 * X_1 - 4.036494 * X_2 + [CX=F]$$

Model 2

Model 2 is an extension of Model 1 with the addition of the Dividend Policy (Z) variable as an independent variable. This model aims to analyze whether the moderating variable has a direct effect on the dependent variable before testing for interaction (moderation). The model estimated using the Fixed Effect Model (FEM) is as follows:

$$Y_{it} = \alpha + \beta_1 X_{1it} + \beta_2 X_{2it} + \beta_3 Z_{it} + \varepsilon_{it}$$

Based on the results of the panel data regression estimation of Model 2, the results are shown in the following table.

Table 7. Test result of the effect of dividend policy on share prices

Variabel	Coefisien	Std. Error	t-Statistik	Probabilitas
C	606.6489	103.1443	5.881555	0.0000

X1	10.14902	1.337069	7.590496	0.0000
X2	-3.927921	3.210686	-1.223390	0.2251
Z	0.332212	0.699471	0.474947	0.6362

The estimation results show that variable Z (moderation) has a t-statistic value of 0.474947 with a probability value of 0.6362. A probability value greater than 0.05 indicates that variable Z (moderation) has no significant effect on share prices. Thus, dividend policy as a moderating variable has no direct effect on share prices in model 2.

Based on the results of Model 2 analysis, the preliminary conclusion that can be drawn is that dividend policy does not have a significant direct effect on share prices. The addition of the dividend policy variable does not increase the explanatory power of the model. Thus, dividend policy has not been able to provide an additional contribution in explaining share price variations in property and real estate companies for the 2020-2024 period.

The results of the regression equation for moderation model 2 are as follows:

$$Y = 606.6489 + 10.14902 * X1 - 3.927921 * X2 + 0.332212 * Z + [CX=F]$$

Model 3

Model 3 is the main model in moderated regression analysis (MRA), which adds interaction variables between: 1) EPS x Dividends (X1Z); 2) ROE x Dividends (X2Z)

The model estimated with the Fixed Effect Model (FEM) is:

$$Y_{it} = \alpha + \beta_1 X1_{it} + \beta_2 X2_{it} + \beta_3 Z_{it} + \beta_4 (X1 * Z)_{it} + \beta_5 (X2 * Z)_{it} + \epsilon_{it}$$

Based on the results of the panel data regression estimation of Model 3, the results are as shown in the following table.

Table 8. Test results of dividend ability with interaction variables to moderate the effect of EPS and ROE on share price

Variabel	Coefisien	Std. Error	t-Statistik	Probabilitas
C	614.3460	106.6891	5.758283	0.0000
X1	10.02104	1.367265	7.329260	0.0000
X2	-3.926615	3.245597	-1.209828	0.2304
Z	0.249776	1.891384	0.132060	0.8953
X1Z	0.003214	0.005892	0.545574	0.5871
X2Z	-0.032018	0.210405	-0.152172	0.8795

In testing the interaction variables (moderation) in model 3, the interaction between the EPS variable and the Dividend variable (X1Z) and the interaction between ROE and Dividend (X2Z) were analyzed. The table above shows that the estimate of the interaction between the EPS variable and the Dividend variable (X1Z) shows a t-statistic value of 0.545574 with a probability value of 0.5871, which is greater than 0.05. Similarly, the interaction between ROE and Dividends (X2Z) shows a statistic value of -0.152172 with a probability of 0.8795, which is greater than 0.05. This indicates that the interaction of EPS and ROE with Dividends is not significant, which means that dividend policy does not strengthen or weaken the effect of EPS and ROE on Share price.

The results of the regression equation for the 3 moderation regression model are as follows:

$$Y = 614.3460 + 10.02104 * X1 - 3.926615 * X2 + 0.249776 * Z + 0.003214 * X1Z - 0.032018 * X2Z + [CX=F]$$

Hypothesis Testing

Partial Test (t-test)

A partial test (t-test) is conducted to determine the partial effect of each independent variable on the dependent variable in a panel data regression model using the Moderated Regression Analysis (MRA) approach. The test is conducted at a significance level of 5% ($\alpha=0.05$). The decision criterion is that if the probability value is < 0.05 , then the independent variable has a significant effect on the dependent variable. The EViews13 output results are shown in the following table:

Table 9. EViews t-test Output

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	614.3460	106.6891	5.758283	0.0000
X1	10.02104	1.367265	7.329260	0.0000
X2	-3.926615	3.245597	-1.209828	0.2304
Z	0.249776	1.891384	0.132060	0.8953
X1Z	0.003214	0.005892	0.545574	0.5871
X2Z	-0.032018	0.210405	-0.152172	0.8795

The table above shows that the t-statistic value of the EPS variable is 7.329260 and the probability value is 0.0000, which is greater than 0.05. Therefore, the EPS variable has a significant partial effect on share prices. Thus, the hypothesis stating that “EPS has a significant effect on share prices” is accepted.

Furthermore, the ROE variable has a t-statistic value of -1.209828 and a probability value of 0.2304, which is greater than 0.05. Thus, ROE does not have a significant effect on share prices. Therefore, the hypothesis that “ROE has a significant effect on share prices” is rejected.

The Dividend variable (Z) as a moderating variable has a t-statistic value of 0.132060 and a probability value of 0.8953, which is greater than 0.05, so it can be concluded that dividends do not have a direct effect on share prices. Furthermore, the results of testing the EPS*Dividend (X1Z) interaction variable show a statistical value of 0.545574 and a probability value of 0.5871, which is greater than 0.05, so it can be concluded that dividends are unable to moderate the effect of EPS on share prices. Therefore, the hypothesis stating that “Dividends can moderate the effect of EPS on share prices” is rejected.

Similarly, the interaction variable ROE*Dividends (X2Z) has a t-statistic value of -0.152172 and a probability of 0.8795, which is greater than 0.05. This indicates that dividends are unable to moderate the effect of ROE on share prices, so the hypothesis that “Dividends can moderate the effect of ROE on share prices” is rejected.

Coefficient of Determination (R²)

The coefficient of determination is used to measure the extent to which the regression model explains the variation in the dependent variable.

Table 10. EViews output of coefficient of determination test

R-squared	0.986428	Mean dependent var	1197.147
Adjusted R-squared	0.982031	S.D. dependent var	2660.774
S.E. of regression	356.6701	Akaike info criterion	14.80557

Sum squared resid	9032163.	Schwarz criterion	15.45076
Log likelihood	-679.2644	Hannan-Quinn criter.	15.06627
F-statistic	224.3612	Durbin-Watson stat	0.766697
Prob(F-statistic)	0.000000		

The R-Squared value is 0.986428 and the Adjusted R-Square value is 0.985. This means that 98.64% of the variation in share prices can be explained by the independent variables in the model (EPS, ROE, Divide, and interaction). The remaining 1.36% is explained by other variables outside the model. This shows that the model is very strong (very high explanatory power). In terms of standard deviation and dispersion, where the dependent variable SD is 2660.774 and the regression SE is 356.620, the regression standard error is much smaller than the dependent variable standard deviation, indicating that the model is quite good at predicting share prices. This is consistent with the very high R2. Thus, based on the results of the coefficient of determination test, an R2 value of 0.986428 was obtained, indicating that 98.64% of the variation in the share prices of property and real estate companies for the 2020-2024 period can be explained by the EPS, ROE, and dividend variables in the research model. The remaining 1.36% is explained by variables outside the model.

The Effect of EPS on Share prices

The results of the study show that Earning Per Share (EPS) has a positive and significant effect on share prices. This finding is in line with Signaling Theory, which states that the profit information published by companies signals to investors about the company's future prospects and performance.

A high Earning per Share (EPS) reflects a company's ability to generate earnings per share, thereby increasing investor confidence. When investors assess that a company has good profitability, demand for its shares will increase and ultimately drive up the share price.

These results are also consistent with stock valuation theory, which states that profit is a fundamental factor in determining the intrinsic value of a stock. In this case, the intrinsic value of a stock is determined by the company's ability to generate future cash flows. In the context of stocks, this cash flow generally takes the form of dividends (Williams, John Burr, 1938). Since dividends come from profits, profits indirectly become the main determinant in calculating stock value (Tasya Natalia Pengestika & Ari Christianti, 2021). Thus, the higher the EPS, the greater the potential for share price increases.

The Effect of ROE on Share prices

The results of the study show that Return on Equity (ROE) does not have a significant effect on share prices. In theory, ROE describes a company's ability to generate profits from its own capital. However, in this study, ROE was not a major consideration for investors in making investment decisions. This may be due to the following reasons: 1) Investors focus more on direct indicators such as EPS than other profitability ratios; 2) ROE fluctuations in the property and real estate sectors tend to be unstable; 3) Investors consider growth prospects more than equity returns.

Thus, although ROE is important in theory, in the period and sector studied, ROE has not been able to significantly effect share prices.

The Role of Dividends as a Moderating Variable

The results of the study indicate that dividends do not have a significant effect on share prices. This finding can be explained by the Dividend Irrelevance Theory (Modigliani & Miller, 1961),

which states that dividend policy does not affect company value in perfect market conditions. In addition, in the Property and Real Estate sector during the 2020-2024 period, many companies did not distribute dividends or distributed small amounts of dividends, so dividend information did not become a strong signal for investors.

In relation to the role of dividends as a moderating variable, namely that dividends moderate the effect of EPS and ROE on share prices, the test results show that dividends are unable to moderate the relationship between EPS and ROE and share prices. This means that the level of dividends does not strengthen or weaken the effect of EPS and ROE on share prices. Theoretically, dividends should be able to strengthen the profit signal (bird in the hand theory), because investors prefer certain profits in the form of dividends rather than unrealized capital gains. However, in this study, this effect was not proven empirically. This could be due to several factors, such as: 1) Many companies do not distribute dividends consistently; 2) Investors in the property and real estate sectors are more oriented towards capital gains; 3) Economic conditions during the research period caused companies to retain profits.

The overall results of this study show that EPS is the main factor affecting share prices, while ROE and dividends are not significant determinants in the property and real estate sector for the 2020-2024 period. These findings reinforce the Signaling Theory that earnings per share are the strongest signal for investors in assessing a company's prospects.

Conclusion

Based on the results of panel data regression analysis using the Fixed Effect Model, the study concludes that Earning Per Share has a significant positive partial effect on share prices. This finding indicates that an increase in EPS tends to be followed by an increase in the share prices of companies in the property and real estate sector. EPS appears to be an important fundamental indicator considered by investors because it reflects the company's ability to generate earnings for each outstanding share. Therefore, companies with higher EPS are more likely to attract investor interest, which may contribute to higher share prices.

Return on Equity does not have a partial effect on share prices. This suggests that the level of return generated from shareholders' equity was not a dominant factor influencing investor decisions in the property and real estate sector during the research period. Although ROE is generally viewed as an indicator of management efficiency in utilizing equity, the findings show that investors may have relied more on other financial indicators or market considerations when evaluating share prices in this sector.

The results also show that dividend policy is unable to moderate the effect of EPS on share prices. This means that the presence of dividend distribution does not strengthen or weaken the relationship between EPS and share prices. Similarly, dividend policy does not moderate the effect of ROE on share prices. These findings indicate that dividend policy was not a determining factor in shaping the influence of profitability indicators on share prices among property and real estate companies during the 2020 to 2024 period. Overall, EPS remains the most relevant variable in explaining share price movements, while ROE and dividend policy do not show a significant role in the model.

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